

**ANNUAL REPORT  
OF THE  
REGULATORY FLEXIBILITY COMMITTEE**



**Indiana Legislative Services Agency  
200 W. Washington Street, Suite 301  
Indianapolis, Indiana 46204**

**October, 2009**

# INDIANA LEGISLATIVE COUNCIL

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# REGULATORY FLEXIBILITY COMMITTEE

## Membership Roster

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### Representatives

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Robert Deig  
Mt. Vernon

Lonnie Randolph  
East Chicago

### Staff

Sarah Burkman  
Attorney for the Committee

Sarah Freeman  
Attorney for the Committee

Diana Agidi  
Fiscal Analyst for the Committee

## **I. STATUTORY DIRECTIVE**

Under IC 8-1-2.6-4, the Regulatory Flexibility Committee is required to monitor competition in the telecommunications industry. In addition to reviewing an annual report on the industry prepared by the Indiana Utility Regulatory Commission (IURC), the Committee is required to consider the following issues:

- (1) The effects of competition and technological change in the telecommunications industry and the impact of competition on universal service.
- (2) The status of modernization of the publicly available telecommunications infrastructure in Indiana and the incentives required to further enhance the infrastructure.
- (3) The effects of modernization on economic development and educational opportunities.
- (4) The current methods of regulating providers, at both the federal and state levels, and the effectiveness of the methods.
- (5) The economic and social effectiveness of current telecommunications service pricing.
- (6) All other telecommunications issues the committee considers appropriate.

Under IC 8-1-2.5-9, the Committee is also required to monitor changes and competition in the energy utility industry. In addition to reviewing an annual report on the industry prepared by the IURC, the Committee is required to consider the following issues:

- (1) The effects of competition or changes in the energy industry and the impact on residential rates.
- (2) The status of modernization of energy utility facilities in Indiana and the incentives required to further enhance this infrastructure.
- (3) The effects of modernization on economic development.
- (4) The traditional method of regulating energy utilities and the method's effectiveness.
- (5) The economic and social effectiveness of traditional energy utility service pricing.
- (6) The effects of legislation enacted by the United States Congress.
- (7) All other energy utility issues the committee considers appropriate.

In 2009, the Legislative Council directed the Committee to study the following topics:

- (1) The mission, organization, and management structure of the I-Light fiber optic network, as required by HEA 1001(ss) (P.L. 182-2009(ss), SEC. 491).
- (2) The potential for nuclear energy in Indiana (as requested by Representative Eric Koch).

## **II. SUMMARY OF WORK PROGRAM**

The Committee met four times during the 2009 interim session on September 17, September 22, September 29, and October 13.

The meeting on September 17, 2009, featured a presentation of the annual reports by the IURC on the natural gas, electricity, communications, and water and wastewater industries. The meeting also included the annual report by the State Utility Forecasting Group (SUFG) on renewable energy resources in Indiana. The Office of Utility Consumer Counselor (OUCC) reported on its recent activities in representing utility consumers through its mission of dedicated advocacy, consumer education, and creative problem solving.

The meeting on September 22, 2009, included a morning session devoted to the topic of carbon capture and sequestration (CCS), which involves capturing carbon dioxide (CO<sub>2</sub>) produced in the combustion of fuel, and then storing that CO<sub>2</sub> in geological formations to prevent its release into the atmosphere. The discussion of CCS was followed by an afternoon session focusing on nuclear power and its potential role in Indiana's future energy portfolio.

The September 29, 2009, meeting included discussions about advanced renewable energy contracts (ARECs), commonly known as feed in tariffs (FITs). Under an AREC or FIT, an electric utility customer may generate electricity from a renewable energy resource and then contract with the electric utility to sell the electricity back to the utility for a fixed period at a set price.

On October 13, 2009, the Committee heard testimony from the Indiana Finance Authority and Indiana's state-supported and independent educational institutions on the mission, organization, and management structure of the I-Light fiber optic network, as directed by the Legislative Council under Legislative Council Resolution 09-01.

The Committee issued no formal recommendations concerning any of the topics it considered during the interim.

Meeting minutes for the Committee can be accessed from the General Assembly Homepage at <http://www.in.gov/legislative/>.